MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

DAU 5018 – AUDITING 1

(For Diploma Students Only)

10 MARCH 2016
9.00 A.M – 12.00 P.M.
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 2 pages with 5 Questions only.
2. Answer **ALL** questions. All questions carry equal marks.
3. Please write your answers in the Answer Booklet provided.

Question 1 (20 marks)

a) Explain principle-agent problem and its relevance to auditing. (5 marks)

b) Discuss the functions of the following agencies with regard to financial reporting framework in Malaysia.

Malaysian Accounting Standards Board	Malaysian Institute of Accountants	Companies Commission of Malaysia	Securities Commission

(10 marks)

c) Explain the concept of reasonable assurance. (5 marks)

Question 2 (20 marks)

a) Briefly explain the four phases in financial statements audit. (10 marks)

b) Explain the concept of professional skepticism in the context of fraud detection during financial statements audit. (10 marks)

Question 3 (20 marks)

a) Describe the content of the following paragraphs of a standard unqualified audit report:

- Introductory paragraph
- Scope paragraph
- Opinion paragraph (10 marks)

b) Explain four types of audit report. (10 marks)

Continued.....

Question 4 (20 marks)

a) List five internal control objectives. (5 marks)

b) Explain two limitations of internal controls. (5 marks)

c) Describe the nature of the following documents in assessing client's internal control system:

- Flowcharts
- Narrative notes
- Internal control questionnaire
- Organizational chart (10 marks)

Question 5 (20 marks)

a) Explain the following audit procedures:

- Test of controls
- Analytical procedures
- Substantive tests (6 marks)

b) Explain these two types of sampling:

- Statistical sampling
- Non-statistical sampling (4 marks)

c)

- Vouching
- Casting
- Tracing
- Recalculation

Explain each of the audit techniques listed in the box above. (10 marks)

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